

AN ACT TO AMEND CHAPTER 3 OF THE LIBERIAN MARITIME LAW, TITLE 21 OF
THE LIBERIAN CODE OF LAWS REVISED, TO PROVIDE FOR THE REGISTRATION
AND RECORDATION OF SECURITY INTERESTS SET FORTH IN VESSEL CHARTERS

Whereas, the Liberian Maritime Law historically has provided for the registration and recordation of security interests only when set forth in a preferred ship mortgage, and

Whereas, an increase in shipowners' use of lease financing makes it necessary to amend the Liberian Maritime Law to allow for the registration and recordation of security interests that are set forth in vessel charters, and

Whereas, such recordation and registration is necessary to ensure that parties utilizing lease financing arrangements are afforded the same protections and recognition of their security interests as parties utilizing mortgage financing, and

Whereas, such registration and recordation will result in a security interest set forth in a vessel charter being afforded the status of preferred mortgage for the purposes of the Liberian Maritime Law.

NOW THEREFORE,

***It is enacted by the Senate and House of Representatives of the Republic of Liberia in
Legislature Assembled:***

ARTICLE I

Section 29 of Title 21 of the Liberian Code of Laws Revised is hereby amended by inserting therein in appropriate alphabetical order the following definitions:

“documented owner” with respect to a vessel means the person identified as the owner of a documented vessel in the application for documentation filed for the vessel with the Commissioner or Deputy Commissioner. A person who retains only legal title to a vessel may be a documented owner, notwithstanding any transfer by such person of all or any part of its equitable or beneficial ownership interest in such vessel.

“financing charter” means a contract in the form of a demise or bareboat charter, regardless of duration, between the documented owner and the finance charterer of the entire vessel, which contract is agreed by the parties to be or is determined in judicial or arbitral proceedings to create in favor of the documented owner a security interest in the vessel granted by the finance charterer.

“finance charterer” means a person identified in a financing charter as the charterer of a vessel.

ARTICLE II

Title 21 of the Liberian Code of Laws Revised is hereby amended by inserting a new Section 100A as follows:

Section 100A. Registration, Recordation, and Discharge of Financing Charters

(a) Without adversely affecting the documentation or the eligibility for documentation or the renewal of documentation of a vessel, a documented owner and a charterer may execute a contract in the form of a demise or bareboat charter and either the documented owner or the charterer may register for recordation a true copy thereof with the Commissioner or Deputy Commissioner with respect to a vessel documented in the name of such documented owner. Such contract shall be signed and acknowledged by the documented owner and the charterer and shall include the name and official number of the vessel, the date of such contract, the names and addresses of the documented owner and the charterer and the aggregate of the nominal amount of all charter hire payments and purchase option amounts payable or which may become payable thereunder, exclusive of any interest, indemnities, expenses or fees. A security interest in a vessel in favor of a documented owner evidenced by any such contract which is a financing charter, which is registered for recordation in substantial compliance with this Section 100A, shall be deemed to be a preferred mortgage on the vessel in favor of the documented owner for all purposes, effective for all purposes as of the date and time of filing. All the provisions of this Chapter 3 shall apply to any contract filed in accordance with this Section 100A that is a financing charter.

(b) A documented owner may also register for recordation any renewals, amendments, supplements, assignments or other instruments related to any contract filed pursuant to paragraph (a) of this Section 100A.

(c) A documented owner shall have the power to grant one or more preferred mortgages encumbering the whole of a vessel, and any supplements, amendments, assignments or other instruments related thereto, notwithstanding that such documented owner or predecessor in interest shall have entered into any contract which is deemed to be a preferred mortgage on the vessel pursuant to paragraph (a) of this Section 100A.

(d) The mere registration or recording of a contract as a financing charter hereunder shall not constitute evidence that such contract in fact is a financing charter or that it creates a security interest. No agreement between the parties thereto that a contract constitutes a financing charter shall be binding on any other person or any government not in privity.

(e) With respect to any financing charter, the documented owner party thereto shall be deemed a mortgagee under a preferred mortgage and the finance charterer shall be deemed the mortgagor, for all purposes under the statutes and Rules of Court of the Republic of Liberia.

ARTICLE III

Title 21 of the Liberian Code of Laws Revised is hereby amended as follows:

- (1) Section 101 is amended by inserting the words “or section 100A” after the words “Section 100” in paragraph (6) of section 101.
- (2) Section 105 is amended in the first line thereof as follows: “Mortgages: Recording.-(1) In accordance with Sections 14, 100 and 100A:”
- (3) Section 112A is amended by adding a sentence at the end thereof as follows:

“Preferred Mortgage also means in section 113 of this title, a financing charter of a foreign vessel that has been registered in a public registry at the port of registry of the vessel or at a central office (i) in the foreign country under whose laws the ownership of the vessel is registered in the name of the person stated to be the owner in the financing charter, and (ii) if applicable, in the foreign country under whose bareboat charter registry laws the financing charter of the vessel is registered in order to permit the vessel to sail under the flag of such foreign country.